

**Assembly Budget and Appropriations Committee**  
**Department of Human Services**  
**May 12, 2014 @ 10 a.m.**  
**Testimony by Commissioner Jennifer Velez**

Good morning Chairman Schaer, and members of the Assembly Budget Committee. I'm happy to return this year and discuss the Department's budget, as proposed for Fiscal Year 2015.

A number of reform measures have been underway since we testified before you last, that will continue into next year – and I'll take a few minutes to provide a brief overview.

Last year, the Governor announced the expansion of Medicaid and, beginning this past October, we began accepting applications using a new streamlined on-line site, changed our eligibility rules to comply with the new federal requirement of using Modified Adjusted Gross Income, we expanded our call center, trained 1400 people statewide to assist applicants in applying for NJ FamilyCare and we received federal approval on the benefit package for the expansion population. Through April, we've enrolled **318,388** individuals in the Medicaid expansion for adults. The take-up rate of the expansion has been great, and we continue to process applications as quickly as possible – including enrolling Medicaid-eligible individuals who applied through healthcare.gov.

While the overall expenditure rate of New Jersey's Medicaid program is among the lowest in the region, the Governor noted in his budget address a strong desire to work with the academic, medical and research expertise of Rutgers University, in collaboration with our managed care partners, to examine viable ways to manage our highest cost utilizers of the Medicaid benefit. That kickoff meeting with Rutgers has already taken place, and we're now setting out a path to help us identify potential solutions.

The FY15 budget includes funding for Managed Long Term Services and Supports (MLTSS), an initiative included in our comprehensive Medicaid waiver, which we discussed at some length last year. MLTSS is designed to integrate and coordinate the care of physical, behavioral and long term services for seniors and people with disabilities. This new approach to service delivery focuses on the holistic needs of an individual rather than our current fragmented system of care. It will promote community-based services and allow seniors to live at home and age in place, which will assist the State with rebalancing spending between nursing homes and the

community. This is a complex effort, with New Jersey joining **27 other states** that have also either implemented, or are in some stage of implementation by the end of 2014. Over the past two years, we've convened a Steering Committee dedicated to this initiative; we have been through an independent State Readiness Review; and we've conducted a Readiness Review of our five Medicaid managed care plans. Provider contracting and training is in process, and communications to members, families, and providers has begun. One important policy decision we made to ensure a smooth transition for seniors and people with disabilities, is to exempt current nursing home residents from managed care until they are discharged or there is a change in their care needs, which precipitates a move to another facility. This decision allows county nursing homes to continue to receive Peer Group funding through fee for service for individuals currently in the county nursing homes – providing a longer glide path for these facilities in the move to managed care.

The budget reflects a consolidation of budget items that were displayed previously in the Divisions of Disability Services and Aging Services as separate waiver programs. Additionally, the budget accounts for the start up and administrative costs attributable to the care management needs of the individuals who will be newly served by the MLTSS effort as we continue to rebalance.

The proposed budget for FY15 also advances the binding recommendations from the 2012 Task Force on the Closure of Developmental Centers. You will recall that legislation created the Task Force and it determined that the state should close North Jersey Developmental Center, followed by Woodbridge Developmental Center. The census in our developmental centers has declined **by nearly 500** individuals since this binding recommendation was made – in part, because we have had no new voluntary admissions since 2011, and the fact that in 2013, we settled an 8-year old Olmstead lawsuit. As outlined in our Closure Blueprint, North Jersey is scheduled to close this July 1st, and Woodbridge will close at the end of this calendar year. This process and transition for developmental center residents to the community or to different developmental centers has been proceeding in a very careful and deliberate manner – with appropriate supports in place to ensure successful placements and with appropriate follow up. Included in this year's proposed budget is \$102 million to support community development and our Olmstead efforts

The Department's proposed FY15 budget also includes funding for the Division of Mental Health and Addiction Services to continue to implement a number of important initiatives, which combat drug addiction and support adult behavioral

health. Involuntary Outpatient Commitment is funded in the proposed budget at just under \$6 million; Olmstead efforts, including supportive housing are funded at approximately \$11 million; and the Department continues to work closely with the Administrative Office of the Courts to implement mandatory drug court efforts as it expands in 3 additional vicinages this upcoming year.

Last year I discussed the Department's work with regard to Sandy, and our work to support the recovery of New Jersey residents continues. The Department of Human Services is the lead agency for a \$226.7m Disaster Social Services Block Grant, shared among DHS, and the Departments of Children and Families, and Health – based upon need. The programs we have developed and implemented with our share of \$143.6m include the Sandy Homeowner and Renter Assistance Program (also known as SHRAP), a Home Repair and Advocacy Program for Seniors, a ramp program for people with disabilities, and additional mental health and addiction services through our current provider network and through University Behavioral Health – now part of Rutgers. We have worked very closely with impacted communities to ensure that we are getting the resources to Sandy survivors. We have addressed issues of volume and waiting times with SHRAP, and to date, that particular program, which represents the bulk of our funding **(just over \$58m), has spent \$34.9m, assisted 15,063 households, (comprised of 23,127 individuals)** with mortgage, rent and overdue utility payments, as well as the purchase of essential household items – such as washers, dryers, mattresses – as people move back home.

Lastly, I would be remiss if I didn't let you know that we have added to our team of very capable senior managers in the Department a new Director of the Commission for the Blind and Visually Impaired. Dan Frye has filled the vacancy left by Vito DeSantis's retirement – and we're in very good hands. Dan had a previously scheduled commitment that precluded him from joining us today, but I know this committee has oftentimes discussed issues that concern that Division – and I wanted to update you in that regard.

At this time, I'm happy to answer any questions you may have. Thank you.